

Memorandum

To: Panel Members Date: December 13, 2001

From: Diana Torres, Manager
Peter DeMauro, General Counsel File: Sanyo130agr

Subject: One-Step for **Sanyo Energy (USA) Corporation**
www.sanyobatteries.com

CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Displaced / Potentially displaced workers
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 141
 - In California: 107
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$35,092
- Substantial Contribution: \$0
- Total ETP Funding: \$35,092
- In-Kind Contribution: \$70,905
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Diego
- Duration of Agreement: 24 Months

TRAINING PLAN:

- | | | |
|--|--------------------|------------------|
| • Average Cost Trainee: | New Hire: | Retrainee: \$615 |
| • Type(s) of Training: | Computer Skills | |
| • Number to be retained: | New Hire: | Retrainee: 57 |
| • Range of hours: | 40 - 88 | |
| • Range of hourly wages: | \$11.30 to \$42.10 | |
| • Prevalent hourly wage: | \$19.18 | |
| • Weighted average hourly wage: | \$21.84 | |
| • Health benefits used to meet ETP minimum wage: | No | |

SUBCONTRACTORS:

None

THIRD PARTY SERVICES:

Applicant states that consultant services have not and will not be used.

NARRATIVE:

Title 22, California Code of Regulations (CCR) Section 4416(a) (3) and (4) provides, in part, that if a company for which training funds are sought provides a service sold out-of-state, or provides a service in the state in competition with providers of the same service located outside the state, it is deemed to meet the out-of-state competition requirement for Panel Funding. In addition, CCR Section 4416(d) 1 provides that a company is also deemed to meet the out-of-state competition requirement for Panel funding if it is located in California, and is the Corporate Headquarters that conducts significant business outside of California. Sanyo Energy (USA) Corporation (SEC) has been approved as eligible for funding as a provider of services to Sanyo customers located throughout the Western United States and as SEC headquarters providing centralized functional support for other SEC locations outside of California.

SEC, a subsidiary of the Japanese-based Sanyo Electric Company, was established in 1987 to expand the company's battery manufacturing, sales, marketing and warranty operation in the United States. SEC's products include Ni-Cd, Lithium and Alkaline batteries and battery chargers. The company designs and develops product varieties, electrical capacity, weight and dimensions of the Ni-Cd battery systems in response to the specific technical requirements for the US market. SEC also is responsible for improvement and innovation of the battery functions it manufactures. Recently, the company has been

working on both high heat and subzero temperature applications, high capacity uses for computers and extremely lightweight batteries for portable electronic equipment.

SEC customers include the Ford Motor Company, General Instruments, Nikon, Ericsson, Nokia, Motorola, Hewlet Packard, IBM, NASA, Black and Decker, Fry's Electronics, Circuit City and many other major US companies. Close competitors include Panasonic, Duracell, Energizer, and Hitachi, which are all located outside of California. The SEC headquarters, located in San Diego, California also provides support services to other SEC US locations in Texas, Georgia, Illinois, Florida and New Jersey.

Currently, SEC uses an outdated 15-year-old internally developed Information Technology system that does not meet the company's need for an integrated system among its various departments and customers. In addition, the company currently uses a Lotus Office Suite application that is not used outside of the company. In response to its internal and external customer needs and to remain competitive with battery companies located in other states and throughout the world, SEC will be implementing a new Enterprise Resource Planning (ERP) Sales Applications Products (SAP) system in 2002. The implementation of SAP will allow SEC headquarters staff to deliver measurable improvements in quality, value, efficiency and communication to internal and external customers.

To this end, SEC employees will need SAP training in order to operate the new system to provide a maximum amount of quality work in a decreased timeframe. Because SAP is fully integrated with Microsoft Excel, employees need to be trained on this software to implement the new system. SEC has also conducted extensive surveys that indicated employees need to have their Computer Skills in various Microsoft Office applications updated to the current market level. The company states that these skills are necessary to conduct business with its current vendors and customers. Company representatives state that without SAP and updated Computer Skills training, SEC employees would be unable to complete their job functions and would be in danger of being displaced.

SEC is requesting assistance from ETP to deliver Computer Skills training that includes SAP and several Microsoft applications to 57 of its 107 employees. SEC Managers, Sales, Office and Clerical staff will receive Class/lab and Structured On-site Training (SOST) ranging from 40 to 88 hours. Several non-ETP funded senior level management staff will complete Computer Skills training at SEC's expense and will be providing the Class/lab training to the 57 employees included in the proposed training plan.

Supplemental Nature of Training

SEC has maintained a long-term commitment to train its full-time employees. Last year, SEC's training budget was approximately \$44,000, which included a Tuition Reimbursement Program. SEC employer-paid training included internal/external seminars, degree programs and assorted workshops. Classes offered through this program include various degree programs, Time Management, Team Building, Advanced Customer Service, Communication and Business Skills training. The company's ongoing training program will continue at SEC's expense and is not included in the ETP-funded training plan. In addition, SEC expects to invest approximately \$5,000,000 toward the implementation costs of the new SAP in 2002.

The proposed training is different from ongoing training in that it encompasses the formal Computer Skills training needed to implement SEC's ERP SAP and also addresses the need to update the company's overall Computer Skills to remain viable in a highly competitive marketplace. Following the

tay competitive grow and remain viable in the California economy.

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										
1 687	Manager, Engineer, Technician, Sales, Office Staff and Clerical Staff	Direct-Employer, Retrainees <i>Computer Skills</i>	30	20		20	\$420	60	8	\$ 105.00	\$ 210.00	\$ -	\$ 105.00
				20		20		60					\$11.30 - \$42.10
2 687	Manager, Engineer, Sales, Office Staff and Clerical Staff	Direct-Employer, Retrainees <i>Computer Skills</i>	9	36		28	\$692	25	8	\$ 173.00	\$ 346.00	\$ -	\$ 173.00
				36		28		25					\$11.30 - \$42.10
3 687	Manager, Technician, Sales, Office Staff and Clerical staff	Direct-Employer, Retrainees <i>Computer Skills</i>	8	44		32	\$828	26	8	\$ 207.00	\$ 414.00	\$ -	\$ 207.00
				44		32		26					\$11.30 - \$42.10
4 687	Manager, Engineer, Office Staff and Clerical Staff	Direct-Employer, Retrainees <i>Computer Skills</i>	10	52		36	\$964	36	8	\$ 241.00	\$ 482.00	\$ -	\$ 241.00
				52		36		36					\$11.30 - \$42.10

Contract Totals

Program Cost		\$35,092	Total to be Retained	57
Substantial Contribution (___%)	(-)	\$0		
Multiple-Empl. Support (___%)	(+)	\$0		
TOTAL ETP Funding	(=)	\$35,092		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
15.0%	16.0%		No		

Location of training:

Training will take place on Company premises in San Diego, California during work hours.

Ratios:

The ratio of trainers to trainees for class/lab and videoconference training shall not exceed 1:20 for retrainees.

If Health Benefits is "YES", please explain: N/A